

CENTRAL INTELLIGENCE AGENCY
NATIONAL FOREIGN ASSESSMENT CENTER

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3 April 1980

MEMORANDUM

AUSTRIA: ECONOMIC AND POLITICAL TRENDS

Austria, a country of extraordinary stability during the past decade, appears certain to remain so for the foreseeable future. Chancellor Bruno Kreisky in 1979 led his Socialist Party to its largest majority in parliamentary elections since he took office in 1970. The Socialist domination of Austrian politics during the past decade is in large part due to the near legendary image Kreisky has among the Austrian populace. The Socialists' chief rival, the People's Party, has suffered from a series of uninspiring leaders and poor organizational efforts during the past few years, but now is making a major effort to reinvigorate the party and its image with the help of a new party chairman, Alois Mock.

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The Socialists have also been helped by the relatively problem-free economic and political environment in Austria: unemployment and inflation rates are among the lowest in the world and the government has for the most part avoided scandal. Nuclear power and the future of the reactor at Zwentendorf have been controversial issues since the referendum in 1978, in which Austrian voters narrowly rejected the start-up of the nation's first nuclear power plant. It has become clear, however, that Kreisky, the labor unions, and sizable portions of both major parties would like to find a way around the results of the referendum. Austria imports 70 percent of its energy needs and has become increasingly sensitive to its dependence on imported sources of energy.

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Kreisky, by and large, has been his own adviser on economic and political matters and has played an especially forceful role in Austrian foreign policy. He has successfully established Vienna as a major center of the United Nations and other international organizations, which reinforce Austria's status as a bridge between East and West. For this reason, Kreisky has at times supported controversial positions on the third world and the nonaligned movement. The chancellor recently announced his government's recognition of a PLO representative in Austria. As a leading member of the Socialist International,

Kreisky has publicly supported the Palestinian cause

Kreisky's good standing in the Arab World has probably helped Austria gain easier access to oil.

Most politicians believe that Kreisky is serving his last term, but no clear successor within the Socialist Party has yet emerged. The Chancellor [redacted] is firmly in charge and intends to serve until the next parliamentary elections in 1983. Vice Chancellor and Finance Minister Hannes Androsch has at times been touted as an heir apparent and is said to enjoy a close relationship with the Chancellor. They have, however, had serious differences over commercial and monetary policies. Socialist parliamentary floor leader Heinz Fischer, a veteran politician, also appears to be a strong competitor for Kreisky's job. Foreign Minister Willibald Pahr is interested primarily in human rights and apparently prefers to stay in the background on other issues. Defense Minister Otto Roesch also tends to play a low-key role, but appears to favor efforts by Austria and Switzerland to continue "consultations" on "military affairs."

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